

Higher supply costs drive gas rate up

The commission allowed Puget Sound Energy to raise its natural gas rates on April 10. Residential rates went up by 18.5 percent and commercial rates by 21.4 percent.

The average PSE residential customer, using 80 therms of natural gas in a month, will see a \$9.82 increase. PSE's total per therm rate is 71 cents. Even with the recent rate increase, PSE's rate is in line with the other regulated gas companies' rates. Avista's rate is also 71 cents. Northwest Natural Gas is 70 cents and Cascade's is 89 cents.

The increase relates directly to the change in natural gas supply costs. Last summer, wholesale prices were bouncing around 20 cents a therm while winter wholesale prices ranged from 35 to 40 cents, shooting up to 60 cents in March.

PSE's new per therm rate includes 38 cents for wholesale natural gas cost. The company was not granted an increase for any of its other expenses such as operating its pipeline system, customer billing, overhead or profit.

All four regulated natural gas companies track their supply purchases through a separate accounting process. When the utility collects more than it should, rates are adjusted so that the overcollection is returned to customers in the form of lower rates. When the company does not collect enough to cover its supply costs, the company is allowed to recover its undercollection through higher rates.

As part of its review process, the UTC verifies the company's supply purchases, its revenues collected for gas supply and its method for settling the difference between what was collected for supply and actual supply costs. Since January 1999, PSE's rates have been adjusted seven times (four increases and three decreases) to reflect changes in the cost of natural gas supply.

UTC considers Qwest Dex sale

The commission will hold a week of evidentiary hearings in May on the proposed sale of Qwest's Yellow Pages.

In August 2002, Qwest Communications International, the parent company which owns Qwest Corporation (the local phone company) announced it would sell its telephone directory subsidiary, Qwest Dex, Inc., for \$7.05 billion to two private investment companies.

The first stage of the sale, covering operations in seven states, was completed last year. Qwest has been working with the remaining states and their public commissions to get approval for the second stage of the sale.

Even though publishing operations are not regulated by the commission, the UTC has counted a portion of the publishing company's revenues when it has reviewed and set Qwest's local-phone rates.

The May hearings will allow attorneys from Qwest and the various parties, including commission staff and Public Counsel, to cross-examine witnesses in the presence of the commissioners. All the parties have prefiled written testimony outlining their respective positions.

Follow the progress of this case via our web page at:

www.wutc.wa.gov/021120

Consumer group recruiting members

The Citizens' Utility Alliance, a newly formed consumer organization in Washington, has received a grant that allows it to waive membership fees for up to 1,000 low-income households. Standard membership fees are \$25 a year with a discount for students and seniors.



The Alliance is an outgrowth of a telephone consumer-education initiative developed from unclaimed Qwest business rate refunds. (See UTC News & Views — Summer 2001). As part of that initiative, the Spokane Neighborhood Action Program agreed to develop a consumer advocacy group that would focus on electricity, natural gas and telephone utility issues.

The Alliance intends to use economists, attorneys, community organizers and consumer specialists to advocate for Washington residents on key power and telecommunications issues. Forums include the state Legislature, regulatory agencies (such as the UTC), and other public institutions (such as municipal and PUDs).

The Alliance recently advocated for a regulation that will make it easier for low-income customers to re-establish telephone service after disconnection. In the future, the Alliance intends to be involved with rate cases, consumer fraud problems and utility policy issues.

The Citizens' Utility Alliance of Washington has a toll free number: 1-800-679-6087.

Free Moving Brochure

If you are planning to hire a professional mover to transport your belongings within the state of Washington, your mover must follow a set of consumer rules enforced by the UTC. Get a brochure outlining your rights by calling 1-800-562-6150

Legislature passes WTAP extension

A state telephone program which reduces the cost of acquiring and maintaining basic local telephone service for low-income households was reauthorized by the Legislature this session.

In the absence of this new legislation, the state part of this program would have terminated by June 30.

Since 1987, the Washington Telephone Assistance Program has provided subsidized phone service to any adult recipient of one or more types of public assistance administered by the state Department of Social and Health Services.

Funded by a 13-cent monthly tax on your local telephone bill, the program discounts the basic phone service rate, allows for waivers of deposits and cuts connection fees in half.

The program currently serves about 119,000 households in Washington. To participate, recipients must contact their local phone company and demonstrate eligibility.

The bill makes the program permanent and expands an existing community voice-mail program—a computerized telephone answering system that can act like a home answering machine.

The voice-mail service provides recipients, who do not have or cannot have traditional phone service, with an individual telephone number and a voice mailbox where they can receive and access messages. Currently, about 8,000 people use the service through 10 sites in Washington.

Verizon customers receive “opt out” privacy notice

With the UTC’s privacy rules temporarily suspended by a lawsuit, Verizon has notified its customers by mail of its plans to use customer information for marketing purposes.

Last year, the commission adopted rules that would provide greater protections to customers than the existing federal rules adopted by the Federal Communications Commission.



In February, Verizon won a temporary suspension of these rules, pending the outcome of its legal challenge in federal district court. This means federal rules now guide the use of telephone-customer information.

The key difference between the blocked state rule and the federal rule is that phone customers must take specific action if they wish to prevent the phone company from using its detailed customer information for marketing purposes. So far, only Verizon has taken this step. The company’s notice to its customers indicates the company’s plans to use their information and explains the process they must follow if they wish to “opt out.” Call toll-free 866-554-5055 to learn how to opt-out

The customer information that could be used includes: calls made, whether they were local or long-distance, time of day, the phone numbers involved, and whether someone answered or if the line was busy.



In seeking the injunction, Verizon argued that the state rules restricted its ability to use customer call detail for targeted marketing and product development, thus limiting its exercise of protected commercial speech. In granting the injunction, the judge wrote that Verizon had raised serious questions about constitutionality and that the balance of hardship tips in Verizon’s favor.

National “Do Not Call” list fires up

There’s that quiet moment of dread right after answering the phone in the evening. At first there’s no answer and right when you’re about to hang up, a salesperson comes on the line.

Relief is on its way. The Federal Trade Commission (FTC) has released its schedule for creating and implementing the national “do not call” registry, which will give you a choice about whether to receive most telemarketing calls.

Starting in July, you will be able to put your phone number on a national registry, which telemarketers will be required to access. As of October, it will be illegal for most telemarketers to call a number on the “do not call” list.

When registration opens in July, you will be able to register for free online or by telephone. The FTC will announce the Web site address and the toll-free number in June. Initial sign-up by phone for the registry will be phased in, region-by-region, over an eight-week period.

Visit www.ftc.gov/donotcall for additional information and updates.

And about that “dead air”, resulting from the use of automatic-dialing equipment ringing up more phones than sales people, the FTC now requires that telemarketers come on the line within two seconds of the consumer’s greeting.

Telemarketers also will be required to transmit their telephone number and if possible, their name, to your caller ID service.

Tomorrow's power rates

Market-priced or cost-based

The UTC has joined with the region's public utilities and the congressional delegation to fight proposed new federal regulations which would result in the price of electricity being determined by market forces.

In Washington, and in most of the Western United States, customers receive electricity from a single investor-owned or municipal utility. That utility either owns or contracts for the power supply and facilities necessary to transmit electricity to customers.

Thus, the price customers pay for power is based on the actual cost of creating and delivering that power. Profits are regulated either by state utility commissions, like the UTC, or by the local governments that own utilities.

Last summer, the Federal Energy Regulatory Commission (FERC) proposed a sweeping set of nation-wide regulations called Standard Market Design, or SMD, that would apply the new and uniform rules for the electricity market throughout the nation, regardless of any regional differences. In particular, FERC wants power supplies and transmission services to be priced by market forces.

The FERC proposal assumes that new power supplies will come from non-utility-entrepreneurs building power plants and transmission lines in return for unregulated profits. Utilities and their customers would be required to give up priority use of their transmission systems in order to make

room for these unregulated power entrepreneurs. This means your utility company would no longer

be able to operate its transmission systems and power plants to the primary benefit of its customers, even though your rates paid for those facilities.

The FERC proposal would also shift much of the oversight of your utility to federal regulators in Washington D.C.

In its comments to FERC and Congress, the UTC has stated that the Northwest should not be forced to remake its power systems, increase consumer rates and risk further market disasters for the sake of a market experiment. Northwest consumers are already paying a fearsome price for the failure of restructured power markets in California in 2000 and 2001.



The lesson of California is that power market designs and competition-based regulations that look good on the blackboard can turn out badly in practice. Since electricity is a vital public service that has few substitutes, consumers bear the risk and suffer the consequences.

FERC has indicated it will issue a "white paper" on its proposal and may issue final new regulations by the end of this summer. If you have a perspective to share regarding the FERC's plans, contact your congressional representatives.

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UTC launches pipeline safety awareness projects



The UTC has embarked on a three-pronged outreach program designed to increase public involvement in pipeline safety and accident prevention.

The commission inspects and monitors work in and around the roughly 20,000 miles of pipelines natural gas and hazardous liquid pipelines in Washington state. Many of these pipelines run through and near urban areas, raising a variety of community and public issues.

Recently, the UTC awarded three pipeline safety-awareness projects designed to broaden local government's technical understanding of pipeline safety and to encourage public involvement in maintaining a safe pipeline system. The projects involve technical research, public opinion gathering and outreach.

Here's more information about each project:

Local Technical Assistance: In the wake of the Bellingham explosion three-years ago, 11 cities and counties in Western Washington banded together to form the Washington City and County Pipeline Safety Consortium. The group gathers and shares technical information regarding the monitoring of Olympic pipeline.

A UTC grant will allow the consortium to complete its local technical assistance library, including a model franchise agreement, a first responder emergency plan, assessments for each of Olympic Pipeline Company's hazardous liquid pipelines and white papers on topics such

franchise renewals, and community right to know.

Pipeline Safety Network — The community concerned with pipeline safety is wide ranging. It includes local government planners and engineers; emergency response personnel such as firefighters and police, community advocates; and utility companies and pipeline companies.

Roundtable Associates, a firm which specializes in facilitating strategic planning and leadership development, is meeting with the various communities and learning more about their unique needs and issues. The goal of this project is to tie together the various organizations and persons involved in or affected by pipeline safety and increase coordination and collaboration.

Public Awareness Plan - People who live and work near a pipeline need to be aware of the pipeline. What information do they need to know? What do they WANT to know? And what's the best way to deliver that information?

The Frause Company, a Seattle-based communications firm, in collaboration with the opinion-research firm, Evans-McDonough, is conducting a series of interviews, surveys, and focus groups to answer these questions. This research will feed into a public awareness plan designed to increase public participation in preventing damage to the pipeline and increasing emergency response.

The projects will be done by the year's end.

"Many of these pipelines run through and near urban areas."

Repair visits can cost you

The days of a phone company always repairing your line for free are long over. If you're experiencing technical difficulties with your phone service, you will likely save money and hassle if you do a little investigating first.

If the problem is with the phone company's wires, the phone company will fix the problem without charge. If the problem is with your phone set or the wiring in or on the side of your house, you are responsible. Requesting the phone company to investigate a problem involving your side of the phone service can result in a steep charge.

Unless you pay for a monthly maintenance service plan, the phone company's obligation stops at the gray box on the outside of your home. Any repairs to the wire that runs from the gray box into your home and to your phone will be on your tab. Your responsibility is often called "inside wiring," though some of the wire is outside.

The state Attorney General's office recently ordered Qwest to inform customers that technician visits will cost \$85, not counting repair fees.

All phone companies should disclose cost information before deploying a technician. But before you call a technician, do the following:

—Check all the phones in your house. If one phone works better than the other, the problem may be with the wiring inside your house or with the phone set.

—Ask your neighbors about their phone service. If your neighbor has similar problems then the problem is more likely to be with the phone company's part of the network.

—Some phone quality problems can be intermittent, resulting from water infiltrating the line. Note the weather conditions when your problem arises and also the time of day when the problem is its worse.

—You should be able to take your phone outside and plug it into a jack provided in the gray box (often referred to as the Subscriber Network Interface). This allows you to bypass your inside wiring and determine if the problem is coming from the phone company's side of the wire.

—If you have an older home, your gray box might not have a phone jack built into it. Some local phone companies, when on a service call, will swap out the old box for a new one without charge. Check your box and then ask about the company's policy on replacing boxes.

If the problem is with your inside wiring, you do not have to use the phone company's repair service. Check your phone directory listings, under Telecommunications Service and Repair, for alternative service providers.



A sampling of complaints

Each month, the UTC investigates close to 400 complaints. Before a complaint is accepted, we ask the customer to make a good faith effort to resolve the issue with the company involved.

Here's a few examples of some recent complaints:

□ Every winter, particularly on wet and cold days, phone service suffered, complained one man. Often, five or more people would be on the line at the same time. Within a week of the complaint, the line was replaced.

□ Electricity fluctuations prompted another call. The power company inspected the service, found it to be deteriorating, made some repairs and scheduled a permanent fix.

□ A long-distance customer noticed he was being charged 80 cents a minute. After calling the company, his bill was rerated to 7-cents per minute. The customer called the UTC when the problem happened again the following month.

□ UTC staff could not help a customer who said his garbage company would not drive down his road to make the pick up. The company responded that the customer's road was unsafe to travel in winter. The company promised to resume normal pick-up in the spring.

□ The UTC got a call when a final bill for a move was almost twice the company's estimate. Questioning by a UTC investigator resulted in the company recalculating the bill, saving the customer \$350.

□ A customer called concerned about a \$500 natural gas bill. Apparently, her automated meter had been under-reporting gas usage. When the company discovered the problem, it sought collection for two years of underpayments. Staff reviewed the actual meter reading and other details of the billing and found that the \$500 amount was accurate.

If you have had difficulty resolving a problem with your service, contact our consumer affairs staff at 800-562-6150 or e-mail us at consumer@wutc.wa.gov.

Wireless booklet for consumers

Even though the UTC does not regulate wireless telephone service, we still receive calls about cell-phone service.

Now the Federal Communications Commission, which does regulate wireless service, has an eight-page booklet, that answers many of the questions consumers have when they consider getting a cell phone.

"What You Should Know About Wireless Phone Service," explains the sometimes confusing issues of coverage, pricing and handsets, including an explanation of digital versus analog and how roaming works.

The booklet is available on the FCC Web site at: <http://www.fcc.gov/cgb/wirelessphone.pdf>. Copies are also available through the FCC's Consumer Center at 1-888-225-5322 (voice) and 1-888-835-5322 (TTY).

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UTILITIES AND TRANSPORTATION
COMMISSION

UTC News&Views is published by
Washington Utilities and
Transportation Commission
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Inside this Issue

The commission reviews the Qwest proposal to sell its directory publishing company. Check out the latest natural gas change. Learn about the national "do not call" list and the emergence of a new consumer advocacy group. Learn what to do when you have phone service problems and find out more about the national debate on deregulation of the electricity market.

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